

Town of Frederick Board of Trustees



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AM 2010-031

TO CONSIDER AN AGREEMENT WITH THE NORTHERN COLORADO WATER CONSERVANCY DISTRICT FOR PARTICIPATION IN THE NORTHERN INTEGRATED SUPPLY PROJECT

Agenda Date: Town Board Meeting – March 23, 2010

Attachments: a. NISP Participation Agreement

Fiscal Note: The funds for this participation would be from the Water Shares Fund which has sufficient budgeted funds to cover the \$97,500.00 cost.


Finance Director

Submitted by: Richard Leffler, P.E.
Town Engineer

Approved for Presentation: 
Town Administrator

AV Use Anticipated Projector _____ Laptop _____

Certification of Board Approval:

Town Clerk

Date

Summary Statement:

Approval of the attached agreement with the Northern Colorado Water Conservancy District (NCWCD) would commit the Town to continuing its participation in the Northern Integrated Supply Project (NISP).

Detail of Issue/Request:

On January 10, 2008, Frederick assumed Berthoud's 1,300 share interest in NISP and on December 8, 2009, Frederick formalized the transfer of 1,300 shares of Central Weld County Water District's (CWCWD) interest in NISP to the Town. Both of these actions were subject to the Fourth Interim Agreement with NCWCD. The interim agreements with NCWCD specify the amounts that each of the participants will be expected to pay to continue their participation in NISP. As noted in the attached agreement, Frederick's cost to participate in Phase 3A is \$97,500. Phase 3A consists of a continuation

of the permitting work associated with NISP, addressing public comments made on the Draft EIS, and work in support of the public information effort for NISP.

NISP is a proposed water supply project being coordinated by NCWCD that would create 40,000 acre-feet of new water supplies to 15 water providers without contributing to agricultural dry-up. Frederick is currently a participant in NISP in the amount of 2,600 shares which will yield 2,600 acre-feet of high quality water. A mixture of cash, bonds and/or low-interest loans are expected to finance the total project, which is now estimated at \$490 million, or about \$12,500 per acre foot of water. Colorado-Big Thompson (CBT) water is currently going for about \$12,000 to \$16,000 per acre foot, and has been priced at over \$20,000 per acre foot depending on market values and the yield assigned to a CBT unit. Studies by our water engineering consultants have indicated that we will ultimately need about 4,000 acre-feet of additional potable water supplies above what we now own and that the NISP project appears to be the best option that is available to the Town.

Legal/Political Considerations:

The attached agreement has been reviewed by the Town Attorney and is acceptable in form and content.

Alternatives/Options:

Not approve the attached agreement and search for other water supplies. The only other current source of high quality water identified by staff and consultants is CBT. The current price for CBT water is the lowest it has been in years and could be competitive with NISP. However there are limited supplies of CBT available and the Town does not have the funds or financing in place to acquire large blocks of CBT. It is staff's opinion that NISP is the preferred option at this time.

Financial Considerations:

Water Share Funds are budgeted in 2010 for costs associated with continued participation in NISP.

Staff Recommendation:

Staff recommends that the Board approve the attached Fifth Interim Agreement with the Northern Colorado Water Conservancy District.